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/For remarks on changing labor standards in Southeast Asia, see Bruno Lasker's foreword to 25: Kurihara, pp. v-viii, category 116, file OA1 Philippines.--Analyst/

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182 replaced by squat hulks that have no advantage except as cheaper means of transport. Merely for carrying paddy the modern barges are the more commodious, but they add nothing to the beauty of the river scene or to the delight of the builders and the boatmen in their work, and on any reckoning that includes such items they are worse than useless. Everywhere throughout the tropics, apart from the buildings that advertise imperial power or mercantile prosperity, the process of natural selection by the survival of the cheapest operates to strip life of its amenities and reduce it to a struggle for bare subsistence.

Not only does this process impoverish the social life of the people, it imposes restrictions on their economic activities. For another aspect of the same process is the specialization of function by the division of labour. This was favoured by Adam Smith and his disciples as a corner-stone of the wealth of nations. Liberal economists in England could rightly insist on this principle because they could take the stability of social life for granted, but in a tropical dependency this basic assumption is invalid. The development of a tropical dependency as a market for imported goods leads to the elimination of local manufactures and a corresponding contraction in the range of economic activities and of social interest in the native community. We shall return to this point later; here it requires notice as illustrating how the horizon of the native world is narrowed not only by the elimination of non-economic values, but by restrictions on the content of their economic life.

Development by Western Enterprise. If we turn now to examine the alternative method of development through western enterprise, we find that along different lines it arrives at similar results. The great distinction between development by native and by western enterprise is that, as already noticed, with the former, economic forces dissolve native society by direct action from within, whereas with the latter, though gradually permeating native society, they attack it in the first instance from without.

182 466 The primary requirement of western enterprise in the tropics is cheap labour. This can be obtained most easily through native chieftains and accordingly, except where large tracts are set aside for European settlement, indirect rule tends to prevail. Netherlands India provides the classic illustration of tropical development by western enterprise. In Java at the beginning of the nineteenth century the people were unaccustomed to work for wages and, even if they

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could have been induced to do so, the Netherlands produced nothing that they would buy. 'All wise men' were agreed that the native would not respond to the desire of gain, and that he would work only under compulsion.[1] People were none the less sincere in this belief, because it suited them to believe it. Under the Culture system the Dutch used the authority of the native chieftains to obtain labour both for public works and for export crops for the Government. Subsequently under Liberal rule compulsory labour was still used for public works (despite the protests of Liberals who wanted more labour for private enterprise), and the planters employed the native chieftains as agents for recruiting labour. But paid labour was found more efficient than compulsory labour whether on public works or private enterprise, and the people became accustomed to working for wages. In Africa development by private capitalist enterprise has followed similar lines. 'The introduction of capitalist undertakings in Africa found a population that had little incentive to improve its subsistence by wage-earning, and, since it was inexperienced in the use of money it was slow to react to the stimulus of cash inducements.'[2] Moreover, there was 'a popular belief that the "collectivist" organization of African society implied the absence of those individual ambitions in the material sphere which are the mainspring of European development'. Custom supported the use of unpaid labour for the common purposes of the tribe, and this furnished a precedent for using compulsory labour on public works 'such as the construction of railways or major roads for long distance transport which were outside the range of even an extended definition of communal labour, more especially since they at times involved the absence of labour from their homes for considerable periods'. Here there is a significant contrast with Burma, where the object of policy was trade, and therefore of development by native enterprise; compulsory labour interfered with native enterprise and was soon abolished. But in Africa, although 'the wide use of impressed labour for railway construction...led to many incidents which reflected grave discredit on the administration',[3] it did not wholly cease until railway construction came to an end with the depression of the thirties. Again, in Africa as in Java, the people were accustomed under native rule to render tribute in kind or service to the local chieftains. This interferes with the supply of labour to private enterprise, and in Java measures to restrict it were among the

[1] *Netherlands India*, p. 59.
[2] *African Survey*, pp. 604, 694.
[3] *Ib.* pp. 613, 615.

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earliest fruits of Liberal reforms. In Tanganyika such tribute was commuted for a tax in money in 1926.[1]

Employers, while sympathizing with humanitarian protests against compulsion to obtain labour for Government or native chieftains, are not averse from measures which provide labour for private enterprise. In Africa, as in Java, 'if there is now little use of direct pressure by government in order to secure labour for private employment, this was a marked feature of policy in the past....A complete history of this aspect of labour development would comprise the use of means so various as slavery, direct statutory compulsion, the curtailment of native lands, assistance given by administrative officials to the efforts of private recruiters, and the use of chiefs to recruit their people as labourers.' Now in Africa, as long ago in Java, it is 'generally recognized that, apart from any grounds of equity or humanity, labour done under compulsion is uneconomic';[2] yet the use of compulsory labour appears to save trouble and money, and employers are reluctant to abandon it. With compulsory labour wages tend towards the minimum of bare subsistence for a man without a family. The conditions are worst where no single employer stands to gain by healthy labour, and the death roll in the coolie barracks of Rangoon is typical of the impoverishment which naturally results from the exposure of unskilled labour to the unmitigated action of economic forces.

Even where action is taken to protect the individual labourer, the mass recruitment of unskilled labour, especially if recruited through local chieftains, naturally disintegrates native social life. 'The most characteristic results which have followed from the introduction of capitalist enterprise (are) the depopulation of certain areas or the deterioration of local subsistence conditions owing to the migration of labour, the social evils due to the removal from their families of large numbers of adult males, and the difficult situations created by the aggregation of industrial population divorced from the traditional controls of tribal life.'[3] At the same time the use of native chieftains to provide land for concessions and labour to work the concessions conflicts with native custom, and weakens the authority of the chieftains as it makes them look for support to Government instead of standing on their own feet. Then, in a later stage, when an ample supply of labour is assured and the awakening of the desire of gain

[1] *African Survey*, p. 437.
[2] *Ib.* pp. 628, 635, 636.
[3] *Ib.* p. 699.

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allows the replacement of compulsion by wages, the effect on native society and welfare is much the same as when development proceeds by private enterprise.

General Course of Development. Thus, whether the method of development be through native enterprise working for the market, or through western enterprise employing native labour, 'the disintegration of social life is an almost inevitable result of the contact of primitive peoples with European civilization'. In either case the liberation of economic forces from the moral restraint imposed by social obligations is detrimental to social and individual welfare. During the first stage there may be, and usually is, a rise in the standard of individual welfare through the removal of the abuses normally inherent in native social life. For a still longer period there is an increase in production, by the exploitation of social welfare for material ends. But, as such forces gain in strength, they tend to restrict and even to reduce production, and thus defeat the hopes of gain which set them working. Forests are laid waste and valuable lodes of ore are buried beneath surface workings. Cultivation, as in the delta of Lower Burma, aims at the maximum net outturn by the smallest number necessary to produce it, instead of at the maximum gross outturn by the largest number that the land will maintain at the customary level of social life. Human resources are wasted by under-employment or by unemployment and, as in the Congo under Leopold, so many people may be killed off that capitalist enterprise is no longer profitable or even possible.[1] Both the two great East India companies went bankrupt, and the modern chartered companies had to surrender their concessions because they could no longer pay their way. Profit, progress and welfare, are all linked together on a single chain, and economic forces, unless controlled by social will, corrode the chain that links them. Man is a social animal, but economic forces tend to convert human society into a business concern. In tropical dependencies the outward and visible sign of this is the evolution of a plural society.

4. The Plural Society[2]

All tropical dependencies, and indeed all tropical countries, so far as they have been brought within the modern world, have in common certain distinctive characters in their social structure. In Dutch

[1] Frankel, pp. 36, 37.
[2] Furnivall, *Economic Journal*, 1910, pp. 23 ff; *JRCAS*, 1942, p. 195.

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The Provision of Labour. The provision of labour by Government might seem to come under the head of economic rather than of social service. But, so long as it is necessary, it is usually regarded, not wholly without justification, as an instrument of welfare. 'To pierce the darkness shrouding entire populations in Africa', said Leopold II in 1876, 'would be a crusade worthy of this century of progress.'[1] At the beginning of the present century Chamberlain was a leading champion of this crusade. The native would not advance in civilization until he had been 'convinced of the necessity and dignity of labour'...'I think it is a good thing' he said, 'for the native to be industrious, and by every means in our power we have to teach them to work.'[2] For a quarter of a century this remained the keynote of British labour policy in the tropics. Even sympathetic officials acquiesced in compulsion, 'in the genuine belief that no advancement was possible unless the native accustomed himself to regular labour', and officers charged with a special care for native welfare have urged the educational value of compulsory labour on European enterprises.[3] It is true that, if tropical peoples are to live in the modern world, they must adapt themselves to the modern world. But it is true also that the use of compulsion to provide labour engenders abuse, and that the labour it provides is inefficient. It is pressed furthest and is most harmful where the Government has an economic interest in production, and in the Belgian Congo, as in the later days of the Culture system in Java, the use of compulsion to obtain labour defeated its own ends by killing off the supply of labourers.[4] General experience has shown that compulsion tends to reduce the labour supply and to furnish incompetent and unwilling labourers, yet employers, accustomed to obtaining labour through the State, prefer this easy though inefficient way of meeting their requirements and, long after the provision of labour has become unnecessary, continue to urge the educational value of labour as an argument for Government assistance in recruiting it. Now, however, that compulsion is no longer needed, it is condemned as generally as it was formerly supported. But the fact that, so long as compulsion was thought expedient, it was justified, like slavery, as an instrument of welfare suggests the need for cautious examination of measures now recommended on the same ground.

[1] MacDonell, J. de C., *King Leopold II* (1905), p. 184.
[2] Boulger, D. C., *The Reign of Leopold II* (1925), II, 121.
[3] *African Survey*, pp. 640ff. [4] Frankel, p. 37.

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Official activity in the provision of labour assumes various forms; it embraces compulsion, direct and indirect, the recruitment of labour by the Government or with official support, and the inclusion of a penal sanction in labour contracts. Under all these heads much may be learned from Netherlands India, where the provision of labour for development by western enterprise dates from the beginning of the nineteenth century.

Direct compulsion has been little used except to provide labour for the State. At various times compulsion has been employed to recruit men for State economic enterprise, for the army and, chiefly, for public works. Where, as in Java under the Culture system and in Africa under the chartered companies, the Government is at once sovereign and merchant, it is naturally tempted to use political control for the advancement of its economic interests, and is not too rigid in restricting compulsory labour to purely administrative purposes.[1] The Culture system in Java is the classic example of compulsion on State enterprise. Van den Bosch justified compulsion on the ground that it would instil habits of industry among the people and, by increasing production, would enable them to earn more. For a time they did in fact make more money, but within a few years a series of famines devastated the tracts that were richest in natural resources, and the people, instead of being inured to industry, acquired the habit of working only under compulsion. Moreover, the system was inefficient because the officials charged with supervising production had not sufficient knowledge either of agriculture or of the people. What killed it, however, was neither its harshness nor its inefficiency, but the growth of private enterprise, and, when private enterprise was ready to take over production, public opinion was quick to appreciate the defects of State enterprise. The system was advocated as an instrument of welfare, it was applied as an instrument of progress, and finally condemned as both pernicious to native welfare and a barrier to progress. The compulsory recruitment of tropical peoples for military service has also been found uneconomic. Only a small proportion can stand the rigour of modern army life, and the withdrawal of large numbers from the labour market conflicts with the demands of private enterprise; 'in view of the shortage of men for internal development such a utilization of man-power would have the effect of economic self-annihilation'.[2]

[1] *African Survey*, p. 1314. [2] *Ib.* pp. 627, 1121.

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466 464 Ordinarily then, the main use of compulsory labour has been on public works. Throughout the tropics it was formerly the practice under native rule to obtain such labour as might be required for the common purposes of the tribe or village, or for the chieftains or the State, by calling on the people to supply it. 'It was perhaps natural that the early administrations should see in the use of this "communal" labour an easy method by which to provide for the making of roads or for the transport necessary for official purposes. It became, indeed, the usual method of securing labour for official or public needs.'[1] In Burma and other lands developed by native enterprise, compulsory labour was soon abandoned as interfering too greatly with cultivation. But in Java, as in other countries developed by western enterprise, it has been freely employed. One limitation on its use is the difficulty of securing by compulsion the volume of labour required for large capital works. In Java paid labour was first used on the harbour and defence works in Sourabaya in 1849, when modern Liberal ideas were in the air. It was found so much more efficient and economical that, in 1851, the use of paid labour on all public buildings was enjoined, and in 1857 this order was extended to all public works. In practice, however, it was still used to some extent, especially on irrigation works. Meanwhile Liberal sentiment in favour of free labour was gathering momentum, and was reinforced by the practical consideration that the use of compulsory labour on public works reduced the supply available for the rapidly growing demands of private enterprise. Attempts to restrict labour for the State to seasons when it was not required by private employers proved unsatisfactory, and at the end of the century the system of compulsion was abolished.

Experience during the nineteenth century in Java has been repeated during the present century in Africa. The various administrations used 'communal' labour for local road construction and also needed labour for other purposes, such as the construction of railways, or major roads for long distance transport, which were outside the range of even an extended definition of communal labour, more especially since they at times involved the absence of labourers from their homes for considerable periods'.[2] Imported labour was expensive, and the more costly because so many died. Ordinarily, for the improvement of communications, the use of impressed African labour was imperative, and was justified as a moral discipline and a source

[1] *African Survey*, p. 611. [2] *Ib.* p. 613.

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of future welfare. During the present century, under Dutch rule also, compulsory labour, though no longer necessary in Java, was freely used in the Outer Provinces as part of the Ethical policy of promoting native welfare; 'without strong rule, without order and security, no ethical policy'.[1] Compulsion was indeed used so freely as to provoke disorder and unrest. Of recent years, however, throughout tropical regions in general, there has been less need for direct compulsion to procure labour for public works, and now it is generally regarded with disfavour as both prejudicial to social welfare and also uneconomic.[2]

Although direct compulsion has been used chiefly for the State, indirect compulsion has frequently been adopted as a means of providing labour for private employment. The usual methods have been by the restriction of natives to reserves and by taxation. Both these expedients tend to reduce the supply of labour. The curtailment of native land discourages the growth of population, and taxation encourages migration. There are technical difficulties in imposing differential rates of taxation and 'the effect of a rigid flat rate is to drive the taxpaying male population to industrial and urban centres, and consequently to disorganize native society to such an extent that, on several occasions, governments have felt obliged to reduce the amount to be paid by men who are without resources other than their labour'. Moreover, men who are compelled to work merely in order to pay the tax, stop work as soon as they have earned enough to pay it, and they fail therefore to acquire efficiency as labourers. Experience shows that 'the shopkeeper probably provides a far greater incentive than the tax-gatherer'.[3] Indirect compulsion tends accordingly to follow direct compulsion into desuetude.

Compulsion, direct or indirect, is however less effective in providing a supply of labour than the employment of a special recruiting agency. In this, as in other problems, Netherlands India has led the way. Labour for private enterprise may be recruited by the State, either directly or through native chieftains, or by unofficial agents, with or without State assistance. Recruitment is often distinguished from compulsion, but 'a State agency for recruitment inevitably involves some degree of pressure', and is open to many of the objections brought against other forms of compulsion.[4] From the standpoint of employers, moreover, State intervention is undesirable as

[1] Gonggrijp, cited *Netherlands India*, p. 237.
[2] *African Survey*, p. 628.
[3] *Ib.* pp. 596, 648.
[4] *Ib.* p. 651.

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464 686 Sumatra tobacco planters with the loss of a valuable market, and they announced their intention of recruiting all labour on a voluntary basis. As a moral gesture this was not very convincing since, owing to the depression, there was a surplus of labour on the estates, but it served the purpose of satisfying the customs regulations of the United States. At the same time, penal provisions were also renounced by Government in respect of the coolies, mostly Chinese, on its tin mines. Thanks to the Blaine amendment and the depression, the results attained under the Ordinance of 1931 were greater than had been contemplated and, when it came up for revision in 1936, a further advance was possible. By 1941, the penal sanction had practically disappeared, and on the revision of the Ordinance in that year it was finally abolished.[1]

In British India, where western enterprise has never been of such predominant importance as in Netherlands India, the Workman's Breach of Contract Act was repealed in 1926. But in most British territories in Africa, western enterprise is influential, and penal sanctions are attached to labour offences; though legislation of this type is less conspicuous in West Africa. The accepted view is that 'the complete disappearance of criminal penalties must await the evolution of social and economic conditions which will replace the sanctions which penalties supply'.[2] Conditions are less favourable for its abolition than in Netherlands India, but possibly a stimulus, such as that applied by the United States tariff to tobacco planters in Sumatra, might expedite the process.

466 But the abolition of the penal sanction need not, and ordinarily does not, improve the position of the labourer. Just as free recruitment needs regulation if it is not to lead to worse abuses than official recruitment, so free labour, unless protected, may be worse off than contract labour. The social and economic conditions which obviate the need for any legal sanction replace it by a more stringent economic sanction, for the legal sanction becomes unnecessary when the supply of labour is in excess of the demand. Javanese coolies working in Sumatra felt safer under a contract, even when it exposed them to penalties, than when working as free labourers. In Netherlands India it was the Blaine amendment that stimulated the tobacco planters to employ free labour, but their example was followed generally because, owing to the labour surplus resulting from the depression, employers 'were able, easily, and with a certain profit to themselves, to make

[1] *Vrij Nederland*, 22 Nov. 1941. [2] *African Survey*, pp. 659, 664.

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good any deficiency in the coolie force by hiring free labourers, in regard to whom they were much less bound with respect to wages and working conditions than they had been in the case of the indentured coolies'.[1] Women are cheaper than men, and the relation between free labour and the rate of wages is illustrated by the fact that between 1930 and 1938 the proportion of female labour among Javanese coolies rose from one-third to one-half. Thus the conditions that allow the abolition of the penal sanction create a greater need for measures to protect labour.

Protection. Compulsory labour and the penal sanction were opposed to Liberal principles, and were especially repugnant to the humanitarian idealism which gave Liberal principles a moral basis. But *laissez-faire* could not provide the necessary labour or cure the evils that Liberal principles condemned, and humanitarian protests remained ineffective until reinforced by the growing power of Labour in European politics. This gave humanitarians the support of an organized party with a practical material interest in improving the conditions of labour in the tropics, especially in occupations competing with industry in Europe. Still more convincing was the logic of facts. Changes in the social structure made the natives more dependent upon wages, and they grew better accustomed to working for western enterprise.[2] Gradually the more far-sighted employers in the tropics came to recognise 'that an improvement in the efficiency of labour offers a possibility of effecting a reduction in the numbers required, and has an important bearing on the costs of production', and they even went ahead of official activities in the care for welfare.[3] But the original impulse came from Europe. It was the Labour Party in the Netherlands that, at the beginning of the century, demanded an enquiry into conditions in Sumatra, and since 1919 the International Labour Office has taken tropical labour under its wing.

The protection of labour demands suitable regulations and adequate machinery for enforcing them. Paper costs nothing, and in this as in other matters tropical administrations tend to proliferate reforms on paper, but as we have already had occasion to observe, one must scrutinize the extent to which reforms on paper are applied in practice.[4] In Netherlands India the scandals in Sumatra led to the appointment of an Inspector of Labour for that region, and in 1908 he was charged with the supervision of recruiting and the operation of the Coolie

[1] Boeke, p. 151.
[2] *Ib.* pp. 696, 1194.
[3] *African Survey*, pp. 651, 655.
[4] *Ib.* p. 649.

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466 Ordinances. Meanwhile the increase of factories in Java had led in 1905 to the introduction of a Factories Act. Out of these developments there has grown up an elaborate Labour Service. It is only natural that the need for such a service should first be felt in Netherlands India, where western enterprise has been so long established. In British colonies numerous regulations bear witness to the benevolent aspirations of Government; many of them 'have a common characteristic: they avoid laying down definite standards in regard to diet, housing, or medical attendance, and leave in these matters a considerable discretion to inspecting officers', so that their effect depends on the machinery for supervision. As Lord Hailey remarks, 'the efficacy of social legislation as a whole is dependent on the technical inspectorates which are the most significant creation of modern administrative activity.' Yet 'with the exception of Kenya, inspection for the most part has been left to administrative officers' and 'experience shows that their other duties do not always permit them to exercise that close supervision which is essential when large bodies of labour are employed'; they are liable to frequent transfer and know very little of what happens on the estates and mines; and they have an inadequate acquaintance with labour problems.[1] The regulations may be suitable, but there is no machinery to enforce them. It is instructive that in this, as in other aspects of care for labour, the larger enterprises would welcome closer supervision.

467 But suitable regulations and adequate machinery are not sufficient in themselves for the protection of labour. They have been useful in the West, but chiefly through the efforts of the labourers, organized in trade unions, either by their influence on legislation or by direct action. It has been generally held that tropical labour has little capacity for organization, and employers have reckoned this a merit. In Netherlands India, however, conditions favoured the growth of trade unions. The policy of segregating the people under their own chieftains and protecting them against the impact of the West, required the importation of Europeans of humble social status and on low pay to perform tasks for which under a different policy natives might have been trained. These men brought with them their labour politics and unionism. That was probably one reason why colonial problems attracted the attention of Socialists earlier in the Netherlands than elsewhere. It was certainly the reason why trade unionism reached the native world in Java. Europeans were linked

[1] *African Survey*, pp. 678–9.

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Rangoon on pay that is far below the level of subsistence. The agricultural labourer is in the worst case of all, for except so far as he may be protected by custom, which soon proves ineffective, he is exposed to the full blast of economic forces, and does not even enjoy the support of European labour. These conditions are inherent in the plural character of tropical economy. As Lord Hailey notes, 'the situation presents features essentially different from those of Europe', where economic development implies that 'new centres grow into organized wholes', and imposes responsibilities on the whole community where the labourers reside.[1] In the plural society of the tropics, however, employers and employees, even though living in the same locality, inhabit different worlds with no common social life. The 'iron law' still holds, and wage levels are determined by conditions in the reservoirs from which the labour supply is drawn. In Malaya any very great increase in wages must wait upon a similar rise in the reservoirs of over-abundant and, therefore, cheap labour in India and China.[2] Conditions in Bangkok and Saigon react on the wages of rice-mill coolies in Rangoon. Similar considerations apply to unskilled labour in Africa. Local action is almost impotent to raise the scale of pay, and any attempt in that direction encounters stiff opposition.

It is much easier to improve the conditions of working than to raise wages. Not even the most acute inspector can fathom the implications of a wages bill, but anyone can see housing, hospitals and schools. Good employers may lose their men by raising wages, but they can retain them by providing food and quarters. These things attract labour and make it more docile and contented. Firms which voluntarily provide amenities with a view to increased efficiency naturally support legislation to impose similar conditions on their competitors, and, as the provision of amenities is costly, such legislation favours big business at the expense of less substantial rivals and tends to limit competition. Also capital has often been invested on the assumption that labour would continue to be available at artificially low rates, thus creating vested interests 'likely to demand measures which would, in fact, ensure a supply of labour on these terms'.[3] Such conditions are especially prevalent in urban areas, where industries depend on the existence of a supply of relatively low-priced labour. This allows employers to claim plausibly that 'the contribution which the workers make to industry and through it to the financial prosperity of the

[1] *African Survey*, pp. 709, 1199. [2] Mills, p. 249.
[3] Frankel, p. 12.

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466 country, carries with it an equivalent obligation for a recognition by the community of its social obligations towards them', or, in other words, that wages should be subsidized out of public revenue.[1] Although enterprises on a large scale with great capital resources can afford to provide amenities, other firms also want healthy, intelligent and efficient labour on low pay, and welcome State assistance in supplying it. Thus there is a general demand that private enterprise shall be subsidized at the public expense, and although, according to the generally accepted theory of colonial policy, economic development must be encouraged to provide funds for welfare, yet, in practice, funds must be provided for welfare in order to encourage economic development. Thus, with a growing demand for more efficient labour, the State has passed on from providing and protecting labour to promoting the welfare of labour, especially in regard to health and education.

[1] *African Survey*, p. 711.

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In this general problem of Southeast Asia, it would be dangerous to neglect the contributing problems of labor standards and labor policies. It is true that the population is predominantly peasant, that the wage earner usually comes from and returns to his land and that wage standards must remain low so long as peasant standards of living are low. Yet with all this, a social revolution was taking place during the colonial period and will spread if the expanding population is to live. In Southeast Asia, as in the rest of the world, this will involve an exodus from the country to the town and to a certain extent, from agriculture to industry. In the country, it will involve the acceleration of the change from subsistence to cash farming, an increase of wage earning as a normal means of making a living, and the penetration of the effects of employment to villages which are as yet remote. And neglect is more than possible. Whereas under colonial rule indigenous leaders were being increasingly associated in the political functions of government, their participation in and training for the complexities of modern production were hopelessly inadequate. Now, not only are the trained technicians scanty, but it is possible that the feudal, static traditions of the countries will leave local opinion indifferent to the lot of the men and women laboring outside the established practices.

Miss Virginia Thompson's studies on labor problems in Southeast Asia are therefore not merely of value to the labor expert and the sociologist; they are of political importance. Despite the difficulties of research when many of the detailed reports were unobtainable and few persons could be consulted on practical conditions, so that some of her statements may be open to question, she has been able to present a valuable synthesis of labor laws and of the problems confronting the administrations, managements and workers in Western undertakings. She has also sketched with skill the postwar developments which appear to be of greatest significance. Whether or not the future will bring out other changes than those she indicates, it seems certain that throughout the period of settlement there will be a close connection between political peace and progress and labor peace and progress. Therefore, that she has political opinions which color her judgment on labor conditions is not a criticism. Without political opinions, any survey of the labor situation would be merely academic.

As Miss Thompson indicates, in many respects the labor policies of the colonial powers were progressive. For some time attention was confined to the regulation of plantation and mining labor, but from the late thirties the importance of a comprehensive labor policy was receiving increased recognition. It could no longer be thought that the administrations' chief responsibility was for conditions of employment on the estates and mines in respect of which they controlled the labor supply. Problems of modern employment were being tackled through minimum wage

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466 legislation, workmen's compensation and the regulation of industrial relations. In Indochina, the Popular Front Government had begun to apply by stages metropolitan French labor legislation to various groups of the workers. In the Indies, between 1940 and 1942 detailed workmen's compensation laws were adopted, the system of employment under penal sanctions was brought to an end, compulsory road labor in the Outer Provinces was abolished, and in Java the whole wage structure was being changed to provide for a general minimum wage for the lowest ranks of workers.

464 Nevertheless, as Miss Thompson states in her first essay, there remained two major labor problems. The labor supply was unsatisfactory and there was no effective labor movement.

Labor migration enabled the employers to meet their immediate need and in many cases, as between India and Malaya, was well-organized. In the circumstances of much of Southeast Asia, however, it has helped to absorb some of the surplus population rather than to improve living conditions. In times of economic prosperity there was more money in the villages; with the great depression the villages, more dependent on money, were poorer than ever, and those workers who kept their employment saw their wages drop almost or entirely to vanishing point. The skill of the rubber-tapper, the cigarette roller, the batik worker and of other workers in manual operations demanding delicacy of touch was considerable; the industriousness of the Chinese was even excessive; above all, peasant rice production in the wet lands was marked by the fullest use of available resources. But for modern production in industry, labor efficiency was low and in particular the availability of the skilled mechanical worker was in many areas rare and uncertain.

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467 Miss Thompson shows the prewar weakness of the labor movements. In Java, the maximum number of organized workers appears to have been reached in 1941 when the membership of trade unions was estimated at 123,500. In the Philippine Islands, at the end of 1940 the total membership of the registered labor organizations was 96,877, and 190,000 workers were estimated to be organized in unregistered unions. There was little unity or continuity among the unions which existed. The Western governments feared the political interests of the labor movements. The seasonal character of much of the employment, labor migration and, in some cases, the racial diversity of the labor force, were other factors making trade union organization difficult.

000 All these problems still exist. An improved standard of living is one of the essentials for stability in Southeast Asia. Such improvement cannot be effected without economic developments, and although these developments will be hindered by labor which is cheap and inefficient, in the absence of much of the equipment of modern industry it will be long before standards of employment in Southeast Asia are comparable with

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the indigenous peoples were not sufficiently willing, numerous, or skilled to replace the immigrant laborers. A higher wage scale, they feared, might compel many firms either to go out of business or to install expensive machinery. Already local nationalists, succumbing to the philosophy of economic self-sufficiency, were demanding intensive programs of government-aided industrialization. If such demands were acceded to, the industrialists and labor leaders in the home country could be expected to protest strongly against the new competition.

In this complex situation, the colonial governments of Southeast Asia gradually yielded to the popular demands, although loath to abandon their traditional function as instruments of capitalist planning in the home countries. With the exception, however, of the embryonic and ineffective industrial programs of the Siamese and Burmese governments and the more constructive policy of the Netherlands Indies for a planned industrialization, none of the countries did much in this direction. None was forced as yet to consider very seriously that change in colonial relationship which would result from general economic development in the world and specifically from the new role that China and India would inevitably play before long in Southeast Asia. The Japanese invasion interrupted the efforts of local governments toward a solution of these labor problems. It also injected new elements into the situation.

2

LABOR ORGANIZATION IN SOUTHEAST ASIA

FOR VARIOUS REASONS an organized labor movement has never developed in Southeast Asia to notable dimensions. In large part this was because of the predominance of alien, transient, and illiterate labor forces, divided—even when of the same nationality—by geographical and linguistic differences. The Indians were further subdivided by caste and religious sect. The Chinese had a far better family, guild, and secret-society organization; but the antagonisms imported as an integral part of these organizations provoked periodic violence. Later the political and gangster elements which operated within their framework impelled all the governments throughout Southeast Asia to control them severely.

National solidarity among the immigrant labor groups was further broken up by the methods of recruitment and management. Agents and foremen exploited their compatriots for their own personal gain, until the governments concerned were gradually and reluctantly forced to intervene. Asiatic agents behaved much as recruiting agents of emi-

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Chinese Indians

466 167 grants to the United States did in Europe until they were checked. They consistently misrepresented to prospective recruits the conditions of work that awaited them, herded them aboard ships and in lodgings under conditions of filth and crowding, and tried to crimp their competitors' labor forces. Immigrant Asiatic foremen also were similar to their prototypes among immigrant foremen in the United States. They were notorious for the "cuts" they took from their crews' wages, for their unscrupulous profiteering from the sale of food and other necessities to the workers, and for their brutality toward those recalcitrant under arbitrary rule. Nor were alien Asiatic employers liberal in their relations with compatriots among their labor forces. Small Chinese-owned estates and mines were regularly cited in the reports of independent labor inspectors as the most delinquent in their observance of health and safety regulations. Singapore Indian shop-owners were the object of unpleasant publicity regarding the long working days, irregular and inadequate wages, and general tyranny meted out to their compatriot assistants. Disinterested labor leadership or even employer paternalism was conspicuously absent among the immigrant groups.

466 Working conditions were not much better in the enterprises owned by indigenous employers; but they were less conspicuous than those of the immigrant employer's shop, as most of the native workers are farmers scattered over the land and cared for, when in need, by the traditional village and family organization. Little was done by the native governments, whenever they were in power, to better the lot of the small native farmer-artisan. The Siamese and Burmese governments falteringly attempted to introduce scientific agriculture, to improve cottage industries and to reduce the landless proletariat; but their efforts were directed more toward ousting foreigners who preyed on the people, particularly alien landowners and moneylenders, than toward improving labor conditions of those working for indigenous employers. The Siamese National Assembly, in 1938, turned down a proposal for labor legislation designed to set maximum hours and minimum wages and to restrict child labor. Its policy on labor organization was much the same as that of the colonial governments, that is, to keep the labor forces under control and to exhibit, at most, a certain indulgence toward the formation of unions in some trades or localities where this seemed advantageous.

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Wherever labor legislation was introduced in Southeast Asia, the initiative came from the government and not from the workers. Originally it was the difficulties which European employers experienced in retaining their workers (at first domestic servants and later plantation laborers) that inspired legislation which imposed a penalty upon employees for their non-observance of agreements. Gradually, throughout the region, this penal sanction was abolished and more beneficial types of legislation were introduced to reduce the labor turnover. Considerations of

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health and welfare induced the governments throughout the region to legislate that laborers be recruited with full knowledge of, and with a physique adequate to, the conditions of their future work; that they receive medical care and compensation for illness and injury; that certain minimum wage standards and a maximum number of working hours be maintained, either by district or by industry; that women and children be not employed in tasks beyond their strength. Everywhere labor inspectorates were created to see that the labor laws were enforced, but because of budgetary limitations they were hardly ever equal to their task. Though these were undoubtedly steps in the right direction they were far from adequate. Much of the legislation in the colonies was taken over from that of the home country or other colonies and only partially adapted to local conditions. Often it was wholly inappropriate to the area where it was applied. Even where it was at first applicable, it did not necessarily remain so, because industries and occupations changed; and invariably it covered only a fraction of the total labor force in the country. Further, inspectors usually lacked the time and the authority to see that even the few laws on the statute books were enforced. More complete, more specifically focussed, and more generally applicable labor laws were needed.

Having enacted measures designed to keep order and protect the laborer's physical well-being and the proceeds of his toil, the governments of the region felt that they had few additional obligations toward their wage-earning population. Conditions in Southeast Asia were sufficiently better than those prevailing in southern India and in China to attract all the labor that was needed; and this lulled the governments into believing that even if the territories under their sway had not achieved a labor millennium, there was no urgent need to do more. However, on the eve of the Pacific War, certain of the governments became more active in projecting further labor codes and reforms, long held under consideration.

Although embryonic associations of workers existed in each country of Southeast Asia, they did not grow and coalesce to become important economic entities. No genuine trade-union movement had developed before the war broke out in the Pacific. Such associations as formed invariably occurred first among transport workers, since railroads, tramways and harbor operations were the first industries created in the area and since they could most easily be held up by strikes and found it most difficult to replace their workers even when there was a large surplus supply of general laborers. Moreover, the workers in them were fairly well concentrated geographically. The delayed growth of unionism in others of the larger enterprises is explained by the extremely small minority of industrial workers amid the large and unassimilable blocs of foreign laborers, and by the indifference of the governments to the formation

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of unions in industries the operation of which did not directly affect the public order.

The employers' resistance to unionization derived naturally from their desire to have available an abundant supply of cheap labor. They had on their side, as an argument that must weigh heavily with the governments, the involvement which such organizations as existed were believed to have with subversive political parties and leaders. Communism was reported to be rife among the Chinese labor groups. Indian Congress emissaries were supposed to be stirring up the traditionally docile Indian coolies. The growing wave of strikes and riots which occurred during the second part of the inter-war period, particularly in the middle and late 1930's, had the effect of modifying the opposition of the employer groups. Violence or work stoppages often took place without any formulation of demands or without the workers' support of the spokesman theoretically representing their views. At least some employers therefore began to see the advantage of dealing with responsible labor leaders and of forcing any subversive elements in the workers' associations out into the open.

Thus in Malaya, in 1939, legislation was introduced (but not enforced until 1941) authorizing and facilitating the functioning of unions. Employers in Indochina, who also had long opposed unionization, moved similarly in the latter part of the decade toward a recognition of the need for it. In the Netherlands Indies, membership in unions, after a setback in the early 1930's, slowly increased, although by far the largest unions were still composed of government officials and professional men. In Burma, as in Siam, unionization was impeded by the presence of a predominantly alien body of workers to whose welfare the nationals of both countries were either hostile or indifferent. Such organizations as existed survived only insofar as the governments in each country favored them as useful aids in preventing curtailment of production. Their development, however, was controlled lest they harbor elements striving to overthrow the established order.

The loss of their colonies by the Western powers and anti-colonial Japanese propaganda naturally induced a greater consciousness on their part of the existence of labor problems that must be coped with if the larger economic and social programs are to succeed. From the resolutions passed at the International Labour Organization's conference at Philadelphia in 1944,[1] it appears to have been generally recognized that the colonial governments could no longer rely on paternalistic measures or the voluntary cooperation of individual employers.

[1] Bruno Lasker, "A Labor Code for Dependent Peoples," *Far Eastern Survey*, XIII, 12, June 14, 1944, pp. 103-10.

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3

LABOR IN SOUTHEAST ASIA DURING THE JAPANESE OCCUPATION

JAPAN'S TREATMENT of labor throughout Southeast Asia varied according to the military situation, the political relations of Japan with the individual country, and the availability of manpower. Everywhere, however, labor suffered from dislocations, regimentation, and general deterioration in working conditions except for the limited amount of technical training dispensed by the Japanese to create a needed nucleus of skilled workers. The information required to draw a complete picture of the labor situation during the war in each of the countries of this region is not yet available, but from such data as exist—drawn chiefly from former enemy sources—the outlines are reasonably clear.

By mid-1943 their military position in the Pacific War led the Japanese to alter their policy in Southeast Asia. Labor in the area had not previously been regimented on a nation-wide basis, although attempts to register the available manpower and use it for individual projects had been made as the need arose. But the critical shipping situation, which prevented both exports from Southeast Asia to Japan and imports needed in those countries, of necessity changed the objective of Japanese policy from one of economic exploitation for the benefit of the homeland to maintaining Japanese troops in the area and achieving local self-sufficiency and defense.

In June 1943 new labor measures were widely introduced; these foreshadowed large-scale forced labor and indicated that the Japanese realized that patriotic as well as economic and prestige incentives had to be offered to secure native cooperation. Soon after, the transplanting of laborers from the most populous areas to those requiring workers for defense projects and economic development was systematically undertaken. This policy prevailed until V-J Day at a tempo which kept pace with the worsening military situation of Japan.

Japan's political aims were reflected in marked differences in policy in each of the countries of eastern Asia, and also toward separate groups within each state. The comparatively good treatment meted out to the Siamese derived from Japan's need, for propaganda purposes, to maintain the fiction of Siam's voluntary alliance in the Greater East Asia war. Being unwilling, for political reasons, to coerce masses of Siamese workers, and for economic reasons to rely on their small, unskilled and re-

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727 luctant services, the Japanese imported prisoners of war and Javanese
167 laborers for the construction of the Burma and Kra Isthmus railroads.
464 Even after the pro-Japanese dictator, Pibul Songgram, had been ousted by a resistance government, the Japanese tolerated the change so long as they retained military and economic control over the country.

727 Malaya, on the other hand, received the least favored treatment. The
[464] only country in the area to which the Japanese did not promise "inde-
466 pendence," it was earmarked as a Japanese colony. The Japanese were faced with a small, foreign labor supply whose special skills were adapted almost exclusively to the tin and rubber industries. Since they could utilize only a small proportion of the country's major produce, there occurred tremendous dislocation and unemployment of labor. The Chinese, as the largest, most skilled, and most hostile group, were subjected successively to brutal treatment, registration and regimentation, and transportation to farming colonies on the peninsula. The Indians were similarly organized along racial lines through the Japanese-sponsored Indian Independence Leagues and the Indian National Army. The Malays escaped the more rigorous forms of coercion because of their negligible importance as a source of labor.

[167] Despite the tight network of organization developed by the Japanese, Malaya's labor problem was never satisfactorily solved; guerilla ranks were strengthened by recalcitrants of all races and eventually the occupying forces had to import Japanese and Javanese workers in order to strengthen the defenses of that vitally strategic area.

727 Indochina, thanks to the survival of the French administration until
466 the Japanese coup of March 1945, was treated only slightly less favorably than Siam. The Japanese found there a more abundant labor supply than in immediately neighboring countries but were hampered by the necessity of working indirectly through French officials, by the concentration of labor in the north, and its antipathy to furthering Japan's war
[167] aims. As in Malaya, the inadequacy and indifference of the local labor supply compelled the Japanese to import a few thousand Chinese and Malay coolies as well as some Japanese technicians and supervisors. A
[166] certain number of local laborers were conscripted to work on defense and industrial projects and an undetermined number of Tonkinese were transported to work on plantations in the south. Unemployment seems
[464] not to have become a major factor, although as the war progressed there was a marked shift of agricultural workers to the cities, only partially offset by the evacuation of some laborers from heavily bombed urban areas. In common with the other laborers of Southeast Asia, Indochinese workers suffered from coercion and inflation but apparently not from nation-wide regimentation or transportation to work outside their own country.

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Next to the Javanese, the Burmese endured the greatest hardships during the Japanese occupation. Burma was more completely devastated by military campaigns than any other country in the area, and its proximity to India made it Japan's frontier zone. The need to win Burmese cooperation led Japan to grant Burma "independence" on August 1, 1943, and thereafter the local intelligentsia were placated by a Burmanization of the administrative services. But the country's laborers were in a far worse plight than they had been under the British administration. The Indians, whose number in Burma had been halved during the 1942 campaign, were immediately thereafter exposed to persecution by the Burmese. Virtual pogrom conditions in the delta compelled them to flee to Rangoon for Japanese protection and employment. Indian coolies supplied the casual labor needed in the nation's capital, and most of the white-collar class was absorbed into the Indian Independence Leagues and Indian National Army. Burmese laborers, who had long agitated for a restriction of Indian immigration, now found themselves bearing the brunt of Japanese requisitioning, which was represented by the puppet native government as a patriotic service. They had to perform heavy manual labor far from home, for low wages, and under alien and often harsh supervision. They suffered, in addition, from the knowledge that their own fields were neglected and their homes unprotected. Burma was frequently praised by the Japanese for having supplied more cooperative labor service than any other area in the southern regions, but nevertheless Javanese workers had to be brought in.

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Java, with the greatest labor reservoir of the area, was inevitably the country whose manpower was most intensively exploited by the Japanese. As elsewhere in Southeast Asia, the Javanese served as coolie labor for the construction of defense works and means of communication and also were trained by the Japanese for more technical work in shipyards and in factories. They were shipped by the thousands to areas outside their island as local needs and the exigencies of the military situation dictated.

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Originally the Japanese planned to perpetuate, on a far vaster scale, Dutch colonization schemes in Sumatra; in this they not only encountered the same obstacles as had their predecessors, but they found they could exploit all of the island's resources they could use with the manpower and machinery locally available. In mid-1943 they seem to have transferred the plan to Borneo, where additional labor was required to develop such local industries as timber. Many hundreds of male Javanese workers were shipped to Borneo, while smaller groups were sent to other areas.

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Unemployment during the Japanese occupation was serious only in Malaya. Elsewhere the defense and economic programs of the Japanese,

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727 464 together with the curtailment of alien Asiatic immigration, afforded plenty of jobs for those who were willing, or were forced, to work for wages paid in inflated currency.

727 433 464 In the food-surplus countries—Burma, Siam, and Indochina—which were also those receiving the most favored political treatment at the hands of the Japanese, the areas under rice and allied crops declined. The decrease in the number of draft animals through disease and Japanese requisitioning; the lack of implements; and, above all, the loss of former export markets caused the local farmers to cultivate very little more than their families required, and there was a marked exodus from the agricultural communities to the cities or places of more remunerative employment. In the countries of food deficiency—Malaya and the Outer Islands of the East Indies—the Japanese made great efforts and probably succeeded in increasing the area under food-crop cultivation, but never to the point of self-sufficiency. The Japanese also arbitrarily prohibited certain industries as "nonessential" and shifted the workers to others accordingly.

727 465 Very little information is available as to the wages paid during the Japanese occupation. Where local labor was limited and native goodwill was sought, as in Siam, the Japanese seem to have paid high wages from the outset. In densely populated areas like Java, wages were reportedly decreased immediately after the occupation. In time, and with the ever greater need for additional labor services, the Japanese permitted successive wage rises. But nowhere did wage increases keep pace with the more rapidly rising cost of living and they had to be supplemented by allowances, medals, and words of praise. The groups that suffered most from this disparity were the Asiatic government-servant and white-collar class, whose numbers had always exceeded the demand and whose services were far less necessary to the Japanese than was manual labor.

727 466 468 Labor legislation was passed only in negative measures of regimentation and outlawing of strikes. Nevertheless, reports of strikes periodically filtered through the barrage of Japanese propaganda, particularly a few that took place in Indochina and Burma. Most of them registered grievances against low pay, high living costs, and heavy taxation, but some were doubtless of a political character—difficult to distinguish from sabotage. Following one strike in 1943, the Cochin-China police arrested a number of "communists." In Malaya and Indonesia, control by the Japanese military and naval forces was not exercised through any native administration, and the strictness of their rule seems to have precluded any possible recourse to the strike weapon.

727 466 In Burma, Malaya, and Indonesia the Japanese set up a bewildering array of organizations into which the local peoples were regimented by communal, occupational, religious, sex, and age groups. Not only did

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many of these organizations overlap but they were assigned multiple and often identical tasks and all were subjected to Japanese "spiritual" indoctrination. Most of their members had to undergo military training and perform labor services, ranging from accompanying the Japanese army to look after supplies to washing clothes for Nipponese officers. Most of the forced labor, however, was required for the construction of defense works and communications. Some of those performing such services—lured into "volunteering" by the promise of uniforms, additional food, and the same treatment as was accorded to Japanese soldiers—were organized into picturesquely named *Heihos* and Sweat Army battalions. While these militarized groups probably suffered more than any others, the bulk of Southeast Asia's population, wherever they were, performed hard labor for the Japanese during a large part of the occupation period.

Had Japan's gamble in far-flung imperialism not been undertaken at so rapid a tempo, and against such overwhelming forces, the occupying authorities might have evolved some means of winning over the peoples of Southeast Asia before resorting to the harsh and unlimited exploitation they did. For where the Japanese seemed sincere in their encouragement of nationalist aspirations, as for a time they appeared to be in Burma, the people were far more cooperative than they were in such areas as Malaya, which from the outset were scheduled to become colonies of Japan.

The chief victims of the Japanese were undoubtedly those who were transplanted to work in foreign lands, most of whom will never return to relate their sufferings or to keep alive hatred of the Japanese. However, the people as a whole suffered in common from the same hardships and the same demands on their services and it cannot be concluded that laborers as a class developed any special consciousness as a result of their war experience. Their hours of work were probably longer, their pay less adequate to their needs and their masters more demanding than the Occidentals whom the invasion had displaced, but their grievances and aspirations had probably come to be identified with those of their compatriots and their status as laborers was neither more nor less advanced than before the war.

4

POSTWAR LABOR DEVELOPMENTS

SINCE THE JAPANESE SURRENDER, labor movements throughout Southeast Asia have made significant advances in organization, solidarity, and political self-consciousness. Their progress varies from country to coun-

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been traditionally most dependent on imported labor and their prewar labor movements were the most highly developed of any throughout the region.

Nevertheless, the labor movements in these two countries have taken different paths. Burma is made up of one predominant race, overwhelmingly agricultural and guided by strong nationalist leadership. Development of solidarity among Malaya's laboring class has been retarded by the tripartite ethnic composition of its population and by the country's traditional dependence upon two export industries. Accordingly, Malaya's labor movement has developed schismatic tendencies bordering on mutual hostility and has been influenced by alien Asiatic leadership. While in both countries the British Government has not as yet formulated any policy toward immigrant workers and has thus played into the hands of labor, already in short supply, the effects in the two countries have been quite different. Because of Malaya's lack of a self-sufficient economy, its laborers are in a more favorable position to press their demands. At the same time they suffer from serious internal weaknesses not found in Burma. The government and private firms in Malaya—if the planting-mining economy is to survive—will have to make greater concessions in order to reconstitute an adequate labor force than will the analogous authorities in Burma and Siam.

The special composition of Malaya's population and the organization of its industries are probably responsible for the development of its labor movement from many small unions, organized by subdivisions within trades, into a central association. This pyramidal set-up has been turned upside down in Burma, where labor was at first organized on a very broad basis and then divided into smaller units. In both areas the British Government has been making a marked effort to foster labor unions and at the same time to divorce them from political programs and ideologies. But since the nationalists throughout the area have chosen the labor movement as their chief medium for the achievement of the socio-political revolution they desire, it is unlikely that this attempt will prove successful. The laborers of Southeast Asia still feel themselves to be, above all, members of their own national or ethnic communities and have only secondarily developed a consciousness of a class apart. The whole area is too little industrialized to be fertile ground for a labor movement, strictly speaking. When trade unionism is discussed in referring to the labor movements now budding in Southeast Asia, it should be borne in mind that little more than its nomenclature has been borrowed from Occidental labor organization.

Throughout Southeast Asia the various governments have begged two outstanding questions affecting local labor problems—agricultural indebtedness and land tenancy, and the control of Asiatic immigration. In regard to the former, nothing has been done thus far and one can

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only surmise that a development of the cooperative movements will be furthered as the one policy free from international complications. As to the immigration of Indians and Chinese, the local governments seem unable to chart a course between the Scylla of indigenous nationalist sentiment and the Charybdis of demands from the governments of India and China. The latter today are in a far stronger position than before the war to insist that improved working conditions and greater political privileges be accorded to such of their nationals as they permit to emigrate to Southeast Asia.

Any restoration of the prewar planting-mining economy will depend upon the resumption of Asiatic immigration. But management will be forced to grant better working and living conditions and possibly the governments will have to concede a more privileged political position to immigrant Indian and Chinese laborers. On the other hand, native nationalists throughout the area will try to curtail such immigration and will oppose granting political privileges to alien Asiatics who, they believe, will continue to feel a primary loyalty to their homelands. These opposing forces have already locked horns on the citizenship clause embodied in the Malayan Union plan—the first postwar attempt to ameliorate the political position of alien Asiatics—and the British Government has not yet resolved the equally important immigration issue.

No matter what constitutional changes emerge from the current political crisis in Southeast Asia, the governments set up throughout the area will have to face the same labor and minority problems as did their predecessors. The urge toward industrialization received an impetus from the Japanese occupation, though the synchronous growth in the industries of China and India (not to mention Japan's continuing need for export markets) will offer sharper competition to the nascent industries of the region. Moreover, shortages of labor and fuel in most of Southeast Asia cannot but curtail the expansion of even light industries and may prevent any immediate and effective way of satisfying the desire of nationalists for the establishment of large-scale and heavy industries.

The region seems destined to remain for some time predominantly a source of raw materials and a market for the industrial output of its neighbors. Before the war certain sections of these countries had entered the phase of commercialized agriculture and mining, and of processing the output—distinct advances over the traditional economies. This trend is now being accentuated, although it is influenced by such wartime developments as that of the synthetic-rubber industry. In any case the form of international organization set up to control production and sales will be different from that of the past, in which the colonial producer interests predominated. In the immediate postwar period, world shortages of the commodities produced by Southeast Asia have created a market eager for all its major output.